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July 7, 1978

RECORDATION No. _____ Filed 1978

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INTERSTATE COMMERCE COMMISSION

Vermont Railway, Inc.
267 Battery Street
Burlington, Vermont 05401
and
Clarendon and Pittsford Railroad Co.
267 Battery Street
Burlington, Vermont 05401

Dear Sirs:

Rex Railways, Inc., as principal and/or agent ("REX"), has entered into two separate leases, each dated May 24, 1978 with Vermont Railway, Inc. ("VERMONT"), as amended by a letter agreement dated June 5, 1978; the first covering 300 boxcars and the second covering 450 boxcars, and has entered into a lease dated May 24, 1978 with Clarendon and Pittsford Railroad Co. ("C&P"), as amended by a letter agreement dated June 5, 1978, covering 250 boxcars (each of subject leases, as so amended, is herein referred to as a "lease").

In entering into the lease, it was our mutual understanding that for operating purposes Vermont and C&P operated and would be treated as, a single operation thus,

(a) The provisions of Section 3B of each lease are not considered to have been breached by the leasing of boxcars under the other two leases;

(b) The priority loading rights accorded under Section 3D of each lease extend pari passu to all boxcars under all 3 leases with respect to all loadings on both the Vermont and the C&P;

(c) In determining utilization for the purposes of Sections 6 and 11 (vi) of each lease, boxcars under any of the leases will be treated as not being off-line so long as they are on either Vermont or C&P (regardless of whether mileage or car hire charges might, for regulatory purposes, be paid by Vermont to C&P or the reverse);

(d) For the purpose of Paragraphs (i), (ii) and (iii) Section 6A, mileage charges and car hire revenues received by Vermont on boxcars subject to a lease will not include such amounts paid to it by the C&P and vice versa; and

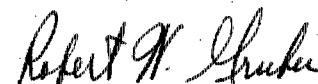
(e) Vermont and C&P agree that both of them will be bound by the provisions of Section 11 (vi) of each lease.

(continued)

Each of the leases shall be deemed to be amended and supplemented by the foregoing provisions of this paragraph.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the undersigned the enclosed duplicate copy of this letter.

Very truly yours,



Robert W. Gruber
President

Agreed and Accepted to as of
July 7, 1978:

VERMONT RAILWAY, INC.

By:  _____

CLARENDON AND PITTSFORD RAILROAD CO.

By:  _____